

## Benefits for Fiscal Year 2003

In FY 2003, the LRP will pay participants up to \$20,000 per year in exchange for signing a minimum 2-year service contract. The LRP will pay an additional 20 percent annually to the Internal Revenue Service (IRS) to offset the increased tax liability incurred by the participant.

Some individuals have taken the opportunity to consolidate their non-health professions educational and health professions educational school indebtedness under a single loan payment. The LRP permits only the repayment of health professions educational loans. Payments will be made to that portion of a consolidated loan that was taken out for health professions educational loans. The applicant must provide copies of his/her buyout statements from the original lending institution(s) at the time of the loan consolidation to determine that portion of the loan eligible for repayment.

### Payments

*If the participant is already employed in the IHS or other Indian health program, payments will begin within 120 days from the date the IHS representative signs the contract. If the IHS representative has signed the LRP contract, but the participant has not begun his/her employment with the IHS or other Indian health program, payments will begin within 120 days from the date his/her entry on duty has been confirmed by the IHS.*

### Example A

#### *2 Year Service Contract, \$90,000 in Qualified Educational Loans*

Dr. Hernandez has \$90,000 in outstanding, qualified health professions educational loans (including principal and interest). The LRP will pay Hernandez up to \$20,000 per year; plus, an additional 20 percent will be sent directly to the IRS to offset his tax liability. Dr. Hernandez will receive \$40,000 in loan repayments made payable to him and an additional \$8,000 will be sent to the IRS making the total award \$48,000; however, Dr. Hernandez may then apply for a contract extension.

### Example B

#### *2 Year Service Contract, \$30,000 in Qualified Educational Loans*

Mr. Malone, FNP, has \$30,000 in outstanding, qualified health professions educational loans (including principal and interest). The LRP will pay Mr. Malone up to \$15,000 per year; plus, an additional 20 percent will be sent directly to the IRS to offset his tax liability. Mr. Malone will receive a total of \$30,000 in loan repayments over 2 years, made payable to him and an additional \$6,000 will be sent to the IRS over 2 years, making his total award \$36,000.

*\* Undergraduate loans taken leading up to DDS/DMD do qualify for Loan Repayment.*

### Loans Eligible for Repayment

The health professions educational loans qualifying for participation in the LRP are limited to Government (Federal, state, local) and commercial loans for health professions schools. The LRP will pay directly to the participant the principal, interest, and related expenses incurred for their qualifying health professions educational loans related to:

- professional school tuition expenses;
- other reasonable professional educational expenses, including fees, books, and laboratory expenses, incurred by the participant; or for

- reasonable living expenses as determined by the Secretary of Health and Human Services.

Loans received through participation in Federal loan programs already meet these statutory requirements and will not require further verification regarding the purposes for which the loans were obtained. They include:

- Health Education Assistance Loan (HEAL) Program
- Guaranteed Student Loan (GSL) Program
- Perkins Loan, formerly National Direct Student Loan (NDSL) Program
- Health Professions Student Loan (HPSL) Program
- Supplemental Loans for Students (SLS)
- PLUS Loans

Educational loans received from other Government or commercial programs or lenders will require verification from the lender that they were granted only for the required educational purposes listed above. Undergraduate schools and graduate health professions schools are considered commercial lenders by the LRP.

### **Financial Obligations Not Eligible for Repayment**

The following financial or service debts incurred by prospective LRP participants under Federal and state programs are not eligible for repayment under the LRP:

- Physicians Shortage Area Scholarship Program;
- Public Health Service and National Health Service Corps Scholarship Training Program;
- IHS (P.L. 94-437, Section 104) Health Professions Scholarship Program;
- Public Health Service, National Health Service Corps Scholarship Program;
- Armed Forces (Air Force, Army, Marines, or Navy) Health Professions Scholarship Programs; and
- Loans from state entities which may be repaid either in cash or by obligated service will not be eligible for repayment under the LRP in deference to State health profession loan programs and so that LRP participants are not subject to conflicting obligations.

Also ineligible for repayment are loans for which contemporaneous documentation is unavailable. For example, loans obtained from friends and relatives.

If a person obtains a professional degree in nutrition and nursing, and comes to work in the IHS as a registered nurse, the loans obtained in pursuit of the nursing education are eligible for repayment while those obtained for the nutrition training are not.

### **Verification of Total Debt from Qualified Loans**

Once you are selected for participation in the LRP, copies of your Section III Financial Information and Contract are sent to the Department of Health and Human Services, Program Support Center (PSC), General Accounting Branch (GAB), Division of Financial Operations (DFO), Branch of Disbursements (BD), Employee and Special Payments Section (ESPS), for verification of your total debt from your qualified educational loans.

Once your contract has been signed by you and the Secretary or his/her IHS delegate, loan repayments will begin as provided in Section D of the Loan Repayment Contract entitled, "Payments."

